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BRANCH WEEKLY

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WESTERN EUROPE BRANCH

WEEKLY SUMMARY

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AUSTRIA

C

An important test of the possibilities for long-term cooperation between the two major Austrian political parties is to be found in their attempt to agree on the organization of the eventual Austrian army. To date, no decision has been reached. The lack of agreement results primarily from political differences and an inherent Socialist distrust of any armed force which might be controlled by rightist elements in the People's Party. Although the latter wants a strong army with a cadre of regulars, the Socialists advocate a small force in keeping with Austria's finances and organized along the lines of a national militia. Different policies are held on the length of service, chain of command, and political rights of the members of the army. Because the army will be limited in strength by treaty terms, and because there is little likelihood that it could represent anything but a defensive force, its role in the internal security of the country is the most important consideration. It is particularly important to seek to avoid the establishment of an organization which would lend itself to political manipulation such as existed in the 1920's and which contributed to the downfall of Austrian democracy.

The importance of reaching a decision with respect to the type of army is emphasized by the good prospects for an Austrian treaty. The western powers will use their influence to effect an early agreement between the coalition parties.

FRANCE

A

The Communists' potential for damaging the French economy is again increasing, despite the decline in the past year of their popular support, and will strengthen their reported decision to carry out a major strike campaign in the fall. There are positive indications that they have already recouped the losses in their financial position caused by the 1948 campaign. The membership of the General Labor

S E C R E T

Confederation (CGT), chief Communist weapon against the economy, is now at about 2½ million compared to over 3 million a year ago, but in 1949 the CGT's striking power has been made more dependable and has been concentrated where it can do the most harm.

One CGT procedure since the failure of the 1948 strike offensive has been to carry forward a purge of undependable officers, substituting well-disciplined young militants, capable of ruthless action. The party leadership's arbitrary power over CGT policy is indicated by its freedom of action in this removal of elected incumbents from their positions. A second CGT effort has been directed toward exploitation of the "comités d'entreprise" (consultative plant committees representing labor and management), which this confederation formerly opposed. These bodies, required by law in all medium and large industrial plants, have access to much production information, and advise management on production, prices, and social welfare. Broader jurisdiction for these committees, to extend for example to wages, has been pushed in the past few months by the CGT especially. The CGT's enthusiasm for this campaign has sprung from the fact that 80% of all these "comités" are now Communist-controlled. Of the "comités" of ten nationalized aircraft factories, nine are controlled by the CGT, and the proportion is approximately the same in the metallurgical and coal industries.

These measures to strengthen Communist control within the CGT organization and to exploit industrial "comités d'entreprise" greatly increase the Communists' capabilities for industrial espionage, sabotage, and plant seizures, as well as for successful strikes.

B

The present debate on reorganization of the costly social security system raises the only apparent threat to the life of the Queuille Government before Parliament recesses for the summer, probably near the end of July, but a compromise solution of this problem appears likely. The Right, although it insisted that the debate be scheduled, evinces a strong tendency to avoid a political crisis. Also, the top Socialist leadership is apparently determined to remain in the coalition.

The Right will base its argument for reorganization of the social security system with resultant economies on the grounds that social charges constitute too great a percentage of production costs, thereby making it difficult for French industry to compete for foreign markets. In rebuttal, Socialist Daniel Mayer's Ministry of Labor and Social Security will maintain that the cost is not excessive, using the argument that social charges are in reality a supplement to wages, primarily for workers with families, and thereby prevent demands for wage increases which would have an inflationary effect. The Government claims to have figures proving that social security expenses formed a greater percentage of total production costs in 1938 than in 1948, because wages have not kept pace with the cost of living. In all probability, however, this argument will not be used to counter Rightist attacks, for fear that it might present a dangerous weapon to leftist parties of the opposition and the unions. The Government will probably content itself with suggesting that industry cut production costs in some other manner, such as by greater capital investment for modern machinery.

The Right will probably be successful in its attacks on the admittedly overly-liberal special social security programs, such as those for railway employees and marine workers. It is anticipated that the administration will not oppose economies in this sphere, and legislation to that effect may be enacted. Whatever compromise solutions may be reached in the Assembly, however, will probably not prevent future political attacks upon the uneven distribution of social charges. The largest share of social security costs rests on unmarried workers or those married but with no children, who not only pay their share of the social charges, but also, as consumers, are affected by the resulting increased costs of products, while, unless ill, they do not receive such benefits as those derived from the family allowance program.

FRENCH AND SPANISH NORTH AND WEST AFRICA

- A Steps taken by France to reverse the trend
toward deterioration of its military strength in North Africa, particularly in Morocco, will probably be sufficient to enable the French to quell any foreseeable native unrest. French strength, sapped principally by the need to augment the forces in Indochina, reached a critically low point between 1 June and 1 July. Measures which will also permit greater mobility for dispersal or concentration of troops in North Africa include: (1) the recall of reserves; (2) the recall of personnel returned from Indochina, now on leave; (3) an increased allotment of conscripts; and (4) intensified local recruiting.
- B Encouragement for the investment of private foreign capital in French North and West Africa will be the most important result of the successful defense in the Council of the Republic and before the National Assembly by Foreign Minister Schuman of recent Tunisian petroleum concessions to foreign oil companies (UK-Shell and US-Gulf). The French National Assembly vote on 30 June postponing further debate indefinitely on this question is tantamount to endorsing the French Government's approval over strong Communist and milder Gaullist objections to exploration and exploitation of Tunisian oil resources by mixed Anglo-French and Franco-American petroleum companies with Franco-Tunisian minority capital participation. This action by the French Parliament will contribute to implementation of the Point Four program in its application to backward areas inhabited by dependent peoples.
- C General Juin will probably continue in his dual capacity as Resident General for France in Morocco and Commanding General of all French forces in North Africa, despite a renewal of active intrigue in Paris to replace him as Resident General. The ostensible reason for wanting to oust the General is the desire to end the tension existing between him and the Sultan of Morocco. Prominently mentioned to

succeed Juin are Andre Le Troquer, civilian Vice President of the French National Assembly, and General Pierre Koenig, until recently military governor of the French zone of Germany. Juin, however, is regarded by most Frenchmen as the natural successor to Marshal Lyautey, under whom Juin served, and Juin himself is loath to relinquish France's No. 1 colonial post, which he has held since the spring of 1947.

ITALY

A The rigidity of the Italian response to recent developments in Trieste will prejudice any early solution to the Trieste problem. In reaction to Yugoslav moves incorporating Zone "B" within the financial orbit of Yugoslavia, the Italian Government has felt compelled to reiterate strongly Italian claims to the whole of the Free Territory of Trieste, to lodge official protests with the signatories of the Tripartite Declaration of 20 March 1948, and to drop trade negotiations with Yugoslavia.

The vigor of the Italian official reaction may in part be compensation for the embarrassment Italy is suffering at this moment over the colonial issue. Ironically, this embarrassment derives largely from the same rigidity of line now being assumed in the case of Trieste. Retreat on the Trieste issue now would undermine the stability of the present Italian Government; yet, eventual relaxation of the Italian position seems to be a prerequisite to a solution for Trieste.

B The future of political democracy in Italy will be strongly affected by the manner in which presently-proposed labor legislation is interpreted and applied. The Cabinet has approved draft bills (implementing articles of the Constitution), passage of which by Parliament is highly probable, although some modifications may be introduced.

The approved draft: (1) accords labor the right to organize freely, and (2) recognizes labor's right to strike for legitimate economic reasons, but (3) outlaws strikes for political reasons, (4) makes arbitration of disputes affecting the national interest compulsory, (5) authorizes sanctions against labor leaders and unions engaging in illegitimate strike activity, and (6) defines and enforces the "democratic composition of trade unions".

This legislation would deal a severe blow at Communist leadership in the General Confederation of Labor (CGIL), which, despite recent defections, still contains the great majority of organized workers. The check to Communist control over the CGIL, and to Communist use of organized labor for partisan political purposes, would promote labor and political democracy in Italy.

However, a long-range threat to non-Communist labor may also exist in this legislation, according to the manner and extent of its implementation. The interpretation in Italy of this legislation, particularly as to what constitutes a "political strike", "national interest", or "democratic composition", will be fundamentally determined by the Government's political complexion, its enforcement powers, and its ability to control or absorb the consequences of its decisions. Inasmuch as Italy's difficult economic problems permit no early solution, continued labor unrest for legitimate economic reasons may be expected. The labor unions at present have only a comparatively small political representation in the Government. Therefore, as direct Communist influence wanes, and the police power of the Minister of the Interior relatively increases, there may be a temptation for heartened conservative groups to use the legislation to emasculate and dominate trade unionism in Italy. Such abuse of the law would subvert the potential contribution of a democratic labor movement to political democracy in Italy.

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